

## **MAIDSTONE BOROUGH COUNCIL**

### **COMMUNITY, LEISURE SERVICES AND ENVIRONMENT** **OVERVIEW AND SCRUTINY COMMITTEE** **REPORT OF HEAD OF HOUSING & COMMUNITY SERVICES**

**Report prepared by Helen Miller**

**Date Issued: 05/08/13**

#### **1. COLLECTIVE SWITCHING OF ENERGY SUPPLIER SCHEME FOR HOUSEHOLDERS**

##### 1.1 Key Issue for Decision

1.1.1 To consider whether the Council will promote a collective switching scheme, provided by a third party, for householders to seek a competitive price for their electricity and/or gas supply.

##### 1.2 Recommendation of the Head of Housing and Community Services

1.2.1 That the Overview and Scrutiny Committee recommends that the Cabinet Member for Community and Leisure Services agrees the Council enters into an agreement with a collective switching provider and promotes collective switching to households in all tenures across the borough.

##### 1.3 Reasons for Recommendation

1.3.1 The majority of householders do not switch their electricity and /or gas provider or tariff. According to Ofgem, only 15% of households switched gas supplier and 17% switched electricity supplier in 2011. Ofgem also assert that the number of households switching is declining over time.

1.3.2 The government recognises that fuel bills have continued to increase in the last decade and have increased 30% on average over the last 5 years. As fuel bills have increased the number of households struggling to pay fuel bills has increased.

1.3.3 The government's new definition of fuel poverty covers those living on a lower income in a home that cannot be kept warm at a reasonable cost. Although the level of fuel poverty in Maidstone is lower than the national average it remains a significant problem.

1.3.4 Households that have never switched energy providers are most likely to gain a lower price from switching. These households are unlikely to

compare the market without support. Collective switching provides a no cost, no hassle, and no obligation way to compare the market and potentially get cheaper fuel bills.

#### 1.4 Alternative Action and why not Recommended

1.4.1 The Council does not promote a collective switching service. Without support to switch many households will not compare the energy market and some will continue to pay higher bills than necessary and may become fuel poor as a result.

#### 1.5 Impact on Corporate Objectives

1.5.1 Accessing lower fuel bills will increase affordability and contribute to Maidstone being a decent place to live. In addition the scheme will contribute towards tackling disadvantaged residents because of where they live and reducing the level of deprivation across the borough.

1.5.2

1.6 Risk Management

1.6.1 Maidstone Borough Council may suffer loss of reputation if a collective switching scheme associated with them is run poorly. A robust procurement process will ensure that an appropriate service provider is chosen and mitigate this risk.

1.7 Other Implications

1.7.1

1.	Financial	X
2.	Staffing	X
3.	Legal	X
4.	Equality Impact Needs Assessment	X
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	X
9.	Asset Management	

1.7.2 Financial. Service providers receive a referral fee for each fuel a household chooses to switch and a small portion of this fee is given to the Council for marketing the service. The level of contribution will be determined through the procurement process.

1.7.3 Staffing. Staff time will come from within existing resources and relate to officer time in procurement, marketing, partnership working and call centre time.

1.7.4 Legal. Following procurement advice a legal contract will be entered into to protect the interests of the Council and the members of the public.

1.7.5 Equality Impact Needs Assessment – attached at Appendix A

1.7.6 Procurement. The service provider will be chosen through a robust procurement process set against an outcome-based service specification.

1.7.7 Appendices

Appendix A - Equality Impact Needs Assessment

1.7.8 Background Documents None

**IS THIS A KEY DECISION REPORT?**

Yes

No

If yes, this is a Key Decision because: Collective Switching would be a borough wide service

Wards/Parishes affected: All

**How to Comment**

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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